

Bonneville Quarries, Inc.
842 West 400 North
West Bountiful, UT. 84087

Lynn
6946
RECEIVED
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DIV. OF OIL, GAS & MINING

Mr. Paul B. Baker – Mining Program Manager
Utah Division of Oil, Gas, and Mining
P.O. Box 145801
Salt Lake City, UT. 84114-5801

November 11, 2015

RE: Review of Reclamation Surety
M/003/0025

Dear Mr. Baker,

We are in receipt of your certified letter to us concerning the Divisions' recent review of the Reclamation Surety for the Lynn Spring Quarry and request for submitting additional surety amount.

While we have anticipated an escalation in the subject bond, to say we are flabbergasted at the amount requested would be an understatement. The figures as we have received them represent an increase of over 215% for the 7 year interim. We have had bond escalations in the past at several of our sites, including the subject site, but never anything to compare to a 215% increase.

It is interesting to note that in actuality, most principle costs of earth moving have gone down in the interim. Cost of fuels, oils, and lubricants are down 75% from what they were in 2013 and prior. Likewise the cost of hiring equipment operators has gone down rather than up. Heavy equipment can be had for a song presently when compared to costs of recent, prior years. So, here in the real world while earth moving costs have gone down, the Division has decided to increase our bond not reasonably or modestly as would be expected, but by 215%? It is difficult for us to follow this reasoning and this reckoning.

Some may claim the bond was figured too low in the beginning, but that is without merit as the Division indeed signed off on the original calculations as well as provided subsequent escalation amounts. Further, we have conducted concurrent reclamation this entire time, and while we have 8 acres technically disturbed, most trenches, cuts, and holes have been filled, re-contoured and in most ways readied for seeding. A large portion of the reclamation work is done.

It is obvious that rather than consult the 'reclamation plan' portion of our approved mine plan, the Division has applied an "average cost per acre". This is the only way such an incredible

increase could have been reached without someone with common sense realizing it and catching it. Real world costs of reclamation or any other earth moving enterprise have simply not increased anywhere near 215%, and have actually gone down over the subject period of time. It seems justification for such an incredibly sizable increase is non-existent.

Obtaining any increase in the subject surety is not a simple matter of just making it happen, particularly when you speak of an additional sum of \$27,200.00 representative of a 215% increase. We don't have that kind of money just sitting unused, and those whom we have been able to find willing to insure us are likely going to question such an increase with more scrutiny even than we have. They will likely turn us away. In being so incredibly off in this escalation calculation, if not refigured, the Divisions' current request and cost estimate will likely not be doable by the current surety provider.

This is a major concern for us. We are on the ground, using the equipment, fuel, man power and resources that would be employed in the final reclamation of this project area. We are aware of the costs, we live them daily. We are dumbfounded at these figures as submitted by the Division and cannot make them make any real world sense.

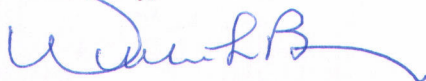
To this point, we have enjoyed a favorable association with the Division and have found it to be one of the few, if not the only, fair and equitable governmental agencies that we are required to work with (there are many). In the past the Division has shown pragmatism, reason, and common sense in dealing with Bonneville Quarries.

With hope that such can continue, we would like to request that the Division re-evaluate the costs and rather than using a blanket, one-size-fits-all 'average cost per acre' formula, please establish the costs and the escalation based upon the current approved reclamation plan for the Lynn Spring Quarry and actual real world, mundane cost estimates as they occur elsewhere in exact pursuits and markets, and also consider the concurrent treatments to the subject site.

We would also like to request an extension in the time allotted for procurement of the escalated amount. Whatever it may be, the processes involved with the carrier will likely exceed that time granted at present.

We thank you for your kind consideration in this matter and hope something can be done to repair this situation and more equitably deal with Bonneville Quarries Inc. and the Reclamation Surety amount for the Lynn Spring Quarry.

Sincerely,

A handwritten signature in blue ink, appearing to read 'William L Bown', with a stylized flourish at the end.

William L Bown - President